

[Sir Norman Marjoribanks] [23rd January 1928]

There is no accommodation at Koraput and it is proposed to put up some temporary quarters before permanent arrangements can be made. For that purpose, as this is the working season of the year Rs. 8,000 under 'Grant XX XIV—Agency tracts' is quite necessary."

* The hon. the PRESIDENT :—"The question is that the Government be granted an additional sum of Rs. 8,000 under 'Grant XXXIV—Agency tracts—Reserved', for the construction of temporary quarters for sixteen clerks and seven peons of the Koraput division at Koraput."

The demand was put to the House and adopted and the grant was made.

IX

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDIT AND APPROPRIATION ACCOUNTS FOR 1925-26.

* The hon. Mr. T. E. MOIR :—"Mr. President, I move that the report of the Public Accounts Committee on the Audit and Appropriation accounts of the Government of Madras for 1925-26 be taken into consideration. I do not propose in making this motion to attempt further to summarise the document which is in the hands of Members of this House. I shall confine myself merely to stating, that if need be, I shall endeavour to answer any questions that may be raised by hon. Members with reference to that report. But perhaps, Sir, I may be permitted on this occasion to express to the committee who examined this report my thanks and appreciation for the thoroughness with which they have dealt with it, for the time and trouble which they have devoted to their task, and for the valuable suggestions which they have been able to place before the Government for consideration."

* The hon. the PRESIDENT :—"The report is for the consideration of the House."

12-30
P.M.

* Diwan Bahadur M. KRISHNAN NAYAR :—"Mr. President, Sir, I wish to make certain observations with reference to certain portions of this report. The first point I wish to mention is that the punishment that has been meted out to the officer whose conduct has been dealt with in the first six pages of the report is very inadequate. The name of the Superintendent of the jail and the name of the jail even are not mentioned perhaps for the reason that it will cause pain to the officer concerned. The report states that the contractor used 26,575 working days of convict labour. There was no agreement with the contractor and there was no tender also. The officer was asked to produce the tenders. He simply said that tenders had been made and that they had been accepted. But the tenders were not forthcoming. Then again, the rate for the materials supplied was in excess of the rates sanctioned by Government. It is well known that the rates of the Public Works Department are higher than the ordinary market rates but the rates paid by this particular officer were much higher even than the high rates of the Public Works Department. No account was kept of the fire-wood supplied by the Government. A tram line belonging to the Government was used and no deduction was made in the amount paid to the contractor on account of the use of this tram line. As a result of the 'gross carelessness' of this officer Government have incurred a loss of Rs. 20,700. Even after making deductions for so many things from the total loss, the net loss is Rs. 8,200. The Government however observe as follows in the end :

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'The Government consider that no recovery need be ordered from the Superintendent. They are constrained to observe however that the Superintendent showed gross carelessness in the execution of the work and that he entirely failed to realize his responsibility as a Public Works disburser for seeing that the work was executed economically. Failure to observe the ordinary account rules and neglect of business methods have led to a loss of public money that might have been averted and the Superintendent is hereby severely censured for his carelessness.'

'I admit, Sir, that the censure is good enough; but it is not all that the particular officer merited. A perusal of the first six pages of the report shows that the officer was certainly careless; I do not suggest anything more than that; but the censure was not enough for his conduct. The money ought to be recovered from him. The leniency with which officers like the present one are treated will encourage, and in any case will not discourage, similar conduct on the part of other officers similarly circumstanced.

'Sir, the Jail department has been figuring prominently in this report and in the report of the previous years. The Jail officers have come in for a large share of the criticism at the hands of the Public Accounts Committee and of the Government. But in spite of all this criticism by the Committee and the censure by the Government it is remarkable that the department does not improve. I hope the Government will devise some means to check these matters. I know that the Government have passed orders to the effect that the Jail officers should not carry out works estimated to cost over Rs. 5,000 and that such works should be left to the Public Works Department. But this is not enough. The orders of Government will at best be only pious wishes unless the careless officers are visited with heavy punishments.

'Then again, Sir, in regard to the same department, it is stated in paragraph 4 (c) at page 8 of the report that in a particular jail, accumulation of dyed wool resulting in deterioration caused a loss of Rs. 10,334. There again, the report states:

'The Committee agreed that under the existing rules no action could be taken against the officers who had retired, but it regarded the frequency of such cases as showing that much has still to be done to place the management and supervision of jail manufactures on a proper footing and to insist on the observance of rules.'

'Because the particular officer responsible for this loss has been on the pension list, therefore, the Government say that they cannot take action against him. I submit that Government should have disciplinary control over officers on the pension list for actions done by them while in office. If they have no control over such officers they should institute a suit against them. I hope, Sir, that remarks like this would help to improve the administration in the Jail department. I hope that the Government will take more severe measures and see that their orders are duly carried out.

'Coming to pages 10-12 of the report dealing with the Russellkonda Saw Mill, I say, Sir, it is a deplorable story. Everything connected with the Russellkonda Saw Mill has a very stinking odour about it. The history of this Mill is known to all those who were members of the first Reformed Council and I think it is known to the Government officers also including my hon. Friend Mr. Moir who must have perused the records in connexion with this matter. In 1921 Government came forward with a budget proposal for establishing and maintaining this Mill. There was a keen debate and in the end the Council refused to vote the money required. But to the surprise of

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this Council, Government came forward the next day with a press communiqué intimating that His Excellency the Governor had certified the grant. In fact that was the first time when the power of certification by His Excellency the Governor was used. The Mill has been in existence for the last seven years. All this time the working of the Mill has resulted in losses. The report says :

‘ In the Audit Report on the accounts of this Government for 1924-25, the Accountant-General pointed out that the losses incurred by the Russellkonda Saw Mill during the three years 1922-23 to 1924-25 amounted to Rs. 12,475, while if the concern had paid interest on its capital, the deficit would have amounted to Rs. 88,759. The future of the Russellkonda Saw Mill has since been under the consideration of Government. . . .’

“ Naturally the question of the Mill alarmed even the Members of Government and the result was that two Members of Government visited the Russellkonda Saw Mill to obtain first-hand information regarding its working. I think the two Members of Government are the hon. Mr. Moir and the hon. Mr. Usman Sahib. The report says : ‘ They considered the question of closing down the Mill at once. It would have been a matter for congratulation if their consideration had been given effect to. But they state in their report that they wanted to sell all fixtures and equipment for what they would fetch either as a going concern or for removal, but they were convinced that it would not pay anyone to buy the Mill as a going concern and that the buildings and the boiler could not be removed. The book value of the concern was Rs. 2,22,428 but they were doubtful whether they could get more than Rs. 50,000.’ And the report goes on to say, that it appeared to the hon. Members that sufficient attention had not been paid to the supply of scantlings of the dimensions for which there was the greatest demand in the market and the Forest officers were asked to examine the question. Messrs. Parry & Co., again advised that certain things should be done. In the meanwhile Messrs. Fraser & Ross who worked out the interest on the money invested came to the conclusion that the interest from April 1922 to 30th September 1926 was Rs. 1,07,641 and that when this was debited in the accounts the total loss would come to Rs. 87,726. Ultimately the matter came before the Forest Advisory Committee and they recommended that the Mill might be continued for some time more to see what could be done. Let us hope that if the working of the Mill does not show a decided improvement so as to cover at least the losses incurred in the previous years, Government will come to the conclusion of closing down the concern.

“ Incidentally, this shows the danger of the Government not paying any heed to the opinion of this Council. This is one of the many instances where the opinion of the Council which the Government regarded as lay opinion has been proved to be in the right while the expert opinion of the Government has been proved to be in the wrong.

“ The next item is the Willingdon House. The question of the establishment and maintenance of the Willingdon House came up for discussion in this Council and though it was not put to the vote of the House there was considerable discussion over the matter regarding the advisability of establishing and maintaining an institution like that which was intended to serve as a sort of boarding house for officers and non-officials also. The report says that the concern has been working at a loss. In the Audit Report on the accounts of this Presidency for 1924-25, the Accountant-General brought to notice the loss that was being incurred year after year in

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connexion with the Willingdon House ever since its inception. The report goes on to say that it was then decided that the question of the desirability of continuing the House should be taken up in 1926 after the accounts for the year 1925-26 were received, but that these also showed a loss. After this repeated story of loss after loss Government have been obliged to lease the institution to a lady under certain conditions. The report runs as follows :

‘The Government also agree to undertake the immediately necessary renewals and replacements of furniture and other articles subject to a maximum cost of Rs. 7,000 and with the proviso that she should pay interest on the sum at 6 per cent per annum and that the Government should have no further liability whatever for renewal or replacement of the furniture and other articles. It is of course understood that the lessee will take due care of all Government property handed over to her with this lease, including buildings and equipment, and be responsible for any loss or damage to such property other than such as is caused by natural wear and tear.

‘The Chief Engineer has been asked by Government to enter into a lease, on the terms mentioned above, with effect from a date to be settled by him in consultation with her and to submit a copy of the lease-deed to Government for information.

‘The Committee wishes to know after a year's experience how the arrangement has worked.’

“I think that, the sooner this experiment is put an end to, the better. This is another instance of the Government disregarding the opinion of the Council. 12-45 p.m.

“I wish to refer to only one other item. I refer to what is contained in page 28 of the report. That shows, Sir, that this Council is thoroughly impotent with regard to financial matters. We know that we have only nominal powers. It is said that we have got a command over the purse ; it reads well on paper ; but in practice we are absolutely powerless ; of course we know that fact from many instances. The report signed by my hon. Friends shows that in all cases in the year 1925-26 in which the Council reduced the amount of money asked for by the Government, His Excellency the Governor restored the grants. The following is a list of the reductions made by the Council and of the amount restored :—Land Revenue—Survey and Settlement—V. Board of Revenue (Settlement). The Council reduced this grant by Rs. 1,18,300. The whole of this amount was restored by His Excellency the Governor. Then again, another item ; Administration of Justice—Judges and Registrar—Pay of Officers (Official Referee only) Rs. 14,400. Half of that amount was restored by His Excellency the Governor, viz., Rs. 7,200. Another item is Administration of Justice—Judges and Registrar. That item also was restored. Police—Rs. 1,00,000. The report itself says ‘in each of these cases the whole amount of the cuts was restored except in item 2.’ This item 2 is ‘Official Referee’ in the High Court. The sum reduced by the Council in that case was Rs. 14,400. Half of that sum was restored by the Government. What is the use of granting nominal powers on paper to this Council if the wishes of the Council are not to be respected ? These are some of the points to which I wish to draw the particular attention of the hon. the Finance Member as representing the Government and as the keeper of the financial conscience of the Government. I think that His Excellency the Governor does not restore the cuts without the advice of the hon. the Finance Member and without consulting him. I hold him responsible for these matters.”

* Rao Bahadur Sir A. P. PATRO :—“Sir, it is not necessary to go into the details of the report. There is no doubt that the Public Accounts Committee

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worked with care and earnestness, and we have the result of their labours. It is very gratifying to find that the Committee has given a report to the Council in a very readable form. I am sure the House will appreciate the facility afforded by the report.

"However, there are certain items relating to the policy of the Government and a few details that we have to deal with. It is desirable that we should examine the policy which guides the administration of the various departments. No doubt I was in office during the year 1925-26. I will deal with only two items of which one has been referred to by my hon. Friend, Mr. Krishnan Nayar, the Russellkonda Saw Mill. This matter was discussed by this Council on several occasions. It is very gratifying to see that, after the visit of the two hon. Members of the Government, there has been greater vigour in the working of the saw-mill; they have made personal enquiries; they discovered what was not discovered for the last five years, that the supply of timber of the required standard was not available and that, therefore, the mill was working at a loss; they set about to work and asked the Forest Department to supply the required standard of timber and the required quantity, viz., 180,000 cubic feet. The mill can take 160,000 cubic feet to 210,000 cubic feet. The supply was not adequate. After the visit of the hon. Members they have made arrangements for the adequate supply of timber by the Forest Department. As a result of that step we see that the accounts for September 1926 show a profit of Rs. 9,428. The previous deficit was more than Rs. 88,000. After the visit of the hon. Members two definite steps were taken in order to continue the work. One is to see that there is proper supply of the timber of required size. It would be seen from the accounts for the half-year ending September 1926 that the mill has worked at a profit. Secondly, the Government would consider the whole matter at the end of March 1927 and decide whether the mill should be worked or closed.

"One difficulty felt now is that there is great depreciation in the value of the capital invested in this business. It is reported that the value of the machinery has gone down by about 50 per cent. If the whole thing is to be scrapped immediately it would end in great capital loss; there is no private body enterprising enough to purchase the whole concern. With great hesitation the hon. Members thought it necessary to continue the experiment for one year and to see whether it would work well or not. It is gratifying to find that the working of the mill for the half-year ending September 1926 shows a profit. We can watch further developments in the working of the mill for the period ending March 1927. The matter will be placed before us at the meeting of the Council during March when we shall have complete details of the profit that has been earned since September 1926. It is too soon for us to say anything about the working of the mill after its re-organization, whether it is a failure or success. We shall have to wait and see what the Government are going to do with regard to this concern.

"There is one other point to which I beg the indulgence of the House to refer in detail; that is the matter of the financial policy. Hon. Members will kindly refer to pages 20 and 21 of the report. Page 20 discusses the financial position. The Auditor-General has drawn the attention of the Council to the fact that, while expenditure is increasing on a large scale, the

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revenue is not proportionately increasing. Therefore there must be deficit always. What will be the financial position of the Government of Madras when the Government of India remits the full contribution payable to them by this Government? The committee endorses the opinion of the Auditor-General that they must be very cautious in the matter of any commitments to be made upon the contribution to be released. Hon. Members will remember also the statement made by the hon. the Finance Member in March last when introducing the budget that, while the average increase of expenditure is about Rs. 40 lakhs a year, the average increase in the revenue is only Rs. 10½ lakhs a year. He pointed out that the surplus that would remain after meeting all the various commitments that had been made when the provincial contribution was released the surplus would be completely over in three years and that there would be no money available for 'nation-building' departments. We are obliged to the Finance Department for the communiqué issued about January 4th which explains the financial position of the Government when the provincial contribution is released. Hon. Members will remember that at the time when the Financial Relations Committee made its recommendations it was thought that the revenue of this province would be raised by about 223 lakhs of rupees. As a matter of fact we had 77 lakhs of rupees more than what was anticipated, i.e., 302 lakhs. All this amount was absorbed by the raising of the salaries of the various grades of services. A sum of one crore and 90 lakhs of rupees was absorbed by the revision of the scales of pay. We found that there was a deficit of about 28 lakhs of rupees in the budget year of 1921. Similarly in the year 1924 there was a deficit of Rs. 38 lakhs. After that year a portion of our contribution was released. At the time when it was released there was a total deficit of about Rs. 68 lakhs in the budget. The figures are given roughly. Therefore the financial policy of the Government then was first to see that the budget was balanced and to give whatever balance remained to the 'nation-building' departments. I was sorry that the financial position of the transferred departments was very much misunderstood and wrong statements were made by persons who ought to have known better about the matter; it was stated that the Ministers gave away their case and submitted themselves to the will and pleasure of the Finance Department. As I explained the position to the House then very clearly, the transferred departments were very vigilant at that time; it was found that there was a deficit of about Rs. 80 lakhs in the budget; whatever remained after balancing the budget was proposed to be given to nation-building departments. The balance of about Rs. 29 lakhs was thus utilized. A sum of Rs. 27 lakhs was devoted for the use of the 'Transferred' nation-building departments. A definite policy and a progressive policy was then laid down by the transferred departments which was approved by the Government. The Government gave the surplus for the use and benefit of the people such as expansion of elementary education, rural medical relief, rural water-supply and rural communications. These schemes were inaugurated in a progressive scale.

"As I said, Rs. 27 lakhs was utilized in the transferred departments and 1 p.m. Rs. 2½ lakhs and odd in the reserved departments for rural development. Therefore there was no inequality. The balance available was utilized by the various departments for rural reconstruction work. A definite policy was laid down and the transferred departments prepared schemes to carry out

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beneficial measures. In the current year a sum of Rs. 60 lakhs has been allotted in order to provide for the development of schemes already initiated by the last Ministry.

"It is absolutely necessary that the Financial Committee and the Finance Department should exploit fresh sources of revenue. It is dangerous to sit quiet when our expenditure is increasing in greater proportion than the revenue. At this rate what would be the state of the country at the end of a few years? This House has emphasized the necessity for caution in dealing with expenditure. We should also examine what sources of revenue are available and the various directions in which retrenchment must be effected. It is absolutely necessary for us to understand the policy of Government, and it is wrong to say that Government have no definite policy. The Government ought to pay greater attention to enable the transferred departments to be profited by the relief given by the Government of India. We have laid down a progressive policy in our administration three years ago and that progressive policy of development must be followed carefully.

"At page 40 you find the appropriation and the actuals in the year 1925-26. In that statement excess is shown as plus and savings as minus. There is an excess of about Rs. 95 lakhs appropriated more than actuals.

"If a department for which a certain amount is allotted is unable to spend the amount so allotted, it is an injustice to the other departments who require additional amounts. The Committee therefore rightly warns the departments and proceeds to say that the savings exhibited in the statement indicate defective budgeting. The caution given by the Public Accounts Committee must be borne in mind. I hope departments will take note of the caution and would avoid a great deal of this excess budgeting and give effect to the recommendation when they next prepare their budget."

* Mr. C. GOPALA MENON :—"Sir, as a member of the Public Accounts Committee I wish to offer my thanks on behalf of the non-official members of the Committee to the hon. the Finance Member for the expression of gratification for the co-operation which we the members of the Committee have rendered in the course of its deliberation during the year. I would also express our gratification to the hon. Mr. Boag, the Secretary, for the help which he rendered to the Committee members.

"I consider that the work of the Public Accounts Committee is a very difficult one. I agree with the remarks of my hon. Friend from Malabar but I may mention here that during the course of investigations we had gone into every one of them in a detailed manner and one particular instance which the hon. Member pointed out related to the heads of departments. It was mostly due either to retiring officers or to inadequate investigation by the departments concerned, and the Committee, as the hon. the Finance Member pointed out, hope to pay special attention to see that there is no recurrence of these omissions. In regard to the retiring officers, there is no personal responsibility in the officers. The officer is not personally responsible for any irregularity and all that the Committee can do is to advise the head of the department of the work of the officer. There were also other irregularities such as excess purchases of materials. Wherever there has been defective budgeting and appropriation irregularities, we have informed the various departments that they should be more accurate in the matter of estimating. I shall

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quote some instances which the Accountant-General has pointed out and upon which the Committee has based its remarks. At page 20 he says: 'Repayments of borrowed capital have been held to be chargeable only to Revenues. In the accounts for the years 1921-22 to 1923-24, certain repayments were not so charged, and consequently the revenue expenditure figures for these years are less than what they should have been.' My own view is that there should be a separate allocation between revenues and capital account. Now on page 23, with regard to the 'Total number of demands presented to the Council,' the Accountant-General has pointed out that the total number of demands presented by the Finance Member in 1924-25 was 36 of which 22 were for Reserved departments and 14 for Transferred departments, while in 1925-26 the total number of demands was reduced to 32, 17 for Reserved and 15 for Transferred.

"Then again on page 24, 'the Accountant-General has referred to the existing practice, according to which a single demand including both capital and revenue items is presented to the Council in the case of expenditure relating to the Forest, Irrigation and Public Works Departments. The Accountant-General considers that it would be preferable if demands for capital items (met from borrowed money) were kept distinct from demands for revenue expenditure.' The Auditor-General points out: 'The question raised by the Accountant-General is both important and difficult. A budget estimate as presented to a Legislative Council presents the estimate of the net result of the revenue transactions of a year and also an estimate of the closing balance of Government as a whole having regard to revenue, capital and debt transactions. The inclusion within one grant of capital and revenue transactions of the same character enables the local Government to reappropriate between the revenue and the capital account and such reappropriations will necessarily affect the revenue balance to which the Legislative Council may, and should, attach considerable importance.' In a case like that, the position is that the revenue and capital account should be kept separate.

"The hon. Member Mr. Krishnan Nayar pointed out that with regard to 1-15 the provisions made in the accounts that on page 28 for the first item under P.m. land revenue the modified appropriation at the end of the year was Rs. 1,22,350 while the actual expenditure was Rs. 1,24,100. I should think that the actual expenditure must be kept within the limits of the appropriation whether it is voted or non-voted. I therefore think that the remarks of the hon. Member from Malabar are really such as deserve careful consideration. There is another question that came up before the Public Accounts Committee and that is with regard to the 'new services' referred to in page 30 of the report. There was detailed discussion with regard to what is meant by a 'new service.' The question arose with regard to the building of quarters for an excise officer. It is really difficult to define the term 'new service.' It puzzles me at least to get at a definition and the Auditor-General, Sir Frederick Gauntlett, points out that it is a new form of a service or a new instrument of service. A particular building, say, for instance, a tuberculosis hospital in a place where there is not one, may be a new service 'ut when you have a number of hospitals of that kind then it cannot be considered a new service. It is still difficult to understand how we can decide upon an institution or a certain work as a new service and bring it under this head. This subject is under consideration and probably some suggestions will be made by the hon. the Finance Member in consultation with the Auditor-General. With these observations I support the motion before the House."

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* Mr. J. A. SALDANHA :—"I might draw the attention of the House to the fact—the glaring fact—that we are dealing to-day in the month of January 1928 with the report on the public accounts of the year 1925-26. This report was drawn up on the 14th of November 1927 in connexion with the accounts that closed on the 31st March 1926 or, more than one year and a half after the close of the year 1925-26. We, the members of this Council received this report about a month ago. I for one did not receive the notice till this morning. But the notice was sent three days ago. There might be some members who leave their stations earlier than three days and they could not get any notice as in my case. Fancy this farce, for, what is this but a farce, to deal with the account of 1925-26 in the month of January 1928. Secondly, there is the omission to give proper notice that this would come for discussion at this meeting. Thirdly there is the dilatory manner in which it has been dealt with by the department. This is the third Council since the Reforms and it is absurd that this Council should discuss the accounts of financial measures passed by a previous Council. Then to come to the remarks made by Diwan Bahadur Krishan Nayar about the impotency of this Council. I have dwelt upon it more than once. I have already expressed the helpless and hopeless impotency of this Council to deal with any substantial financial matter. I do not think this Council or any other Council in India enjoys as much power as the British Parliament enjoyed during the reign of Edward III. That was in the 14th century at a time when the people of England were far more illiterate than the people in India are at present. One in a million could not read. Yet they had Parliament with the power of the purse. Do you enjoy as much or one-half of it? I wonder whether there could not be a justification for walking out of the Council instead of staying here to discuss and criticise the accounts of 1925 in the year 1928. I am somewhat surprised at the belated justification of Sir Patro as to the part he played in doing justice to his department with the small sums of money that were placed at his disposal in 1925-26. I wonder why he and the other Ministers should have made so many tours at all with one Secretary each with so much grandeur and so much pomp. I am sorry the present Ministers are imitating that with even greater zeal. Therefore I think this sort of justification . . ."

* The DEPUTY PRESIDENT :—"Order, order. The hon. Member is going away from the subject. The report of the Public Accounts Committee is under consideration at present."

* Mr. J. A. SALDANHA :—"I dwelt on this point because one ex-Minister was just now justifying his policy in 1925. Now I have little time to deal with the report. No notice was given except these three days. I shall only refer to the forest portion. Attention has been drawn by the Accountant-General to several irregularities committed by the Forest department. These irregularities, I am afraid, are repeated year after year. I wonder what remedies are taken to remove these defects in the system of unpreparedness of the department, the want of control over the contractors, the leniency that is shown to the contractors by the department and other irregularities. I am not surprised that the department to some extent has to deal leniently with these contractors, because who knows what part some of the forest officers played by being at least privy to some of the frauds of the contractors. The whole department is worked in a most mysterious manner. There are so many supernumerary officers in the Forest department. I asked

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questions several times and the officers are added every year. Thrice they have said that the matter is under consideration and yet supernumeraries are still being utilized. So many irregularities are repeated that I wonder why this department exists with such extravagance. At the same time there is the inability of this Council to control them. Though there have been strong recommendations by the Joint Parliamentary Committee and the Muddiman Committee that the Forest department should be a Transferred subject, we have practically no control over that department. I hope the Council will take note of this and the Government also will take note of this that this department ought to be conducted much more economically, and that much more publicity should be given to the activities of this department which are still elusive and mysterious. It is to be hoped that the officials who are remiss in their duties in controlling the contractors should be properly dealt with. The hon. Home Member should see that those who are responsible for these irregularities are punished. There are excessive numbers of officials and I do not see any reason why some of them should not be got rid of and reduced to some extent in the interests of discipline and economy necessary in the department. With these few words, I hope that the Finance Member will see that we do not have another occasion to enact this farce. I hope the accounts of 1926-27 will be placed as early as possible when the minds are fresh before this Council. At the present rate I think the fourth Council will take up the accounts for 1927-28. I would suggest that the accounts for the years 1926-27 and 1927-28 should be placed before this third Council itself. A special day should be set apart if necessary to discuss the reports. To-day the House is empty. The House takes so little interest in this old report for 1925-26. We find it hard to discuss the affairs so old as this. I hope the Finance Member will see that we have at least fifteen days' notice and the reports are placed two or three months earlier so that we may come to consider it with freshness. Is it not a fraud upon this House that we should be treated in the manner done to-day? I hope the hon. the Finance Member will take us more into his confidence so that this House may be really useful and not serve as a toy Parliament. To-day it is a rump Parliament, if I may so call it. With these feelings I sit down."

At this stage the House rose for lunch.

After Lunch (2-30 p.m.).

(Consideration of the Report of the Public Accounts Committee was resumed.)

* The hon. Mr. T. E. MOIR :—" Mr. President, I am glad to think that the report of the Public Accounts Committee on the accounts of 1925-26, has been more keenly discussed than in any previous debates and perhaps I may be allowed to associate myself with what Mr. Gopal Menon has said with reference to the work of the Accountant-General and the valuable information placed by him before the Committee. I was glad that Mr. Saldanha intervened in the debate because, although one may not always agree with him, his speech was marked by his usual vigour. But there was one expression to which I think I must take exception : I mean his reference to the report as a farce."

Mr. J. A. SALDANHA :—" I did not call the report a farce. I only called the procedure a farce because it was presented in the year 1928."

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* The hon. Mr. T. E. MOIR :—" At any rate, that does not detract from the value of the report. It is perfectly clear that this report is a treasure-house of most valuable information—a treasure-house in which I am glad to think there are always a number of members who are prepared to search and bring up the jewels it contains. It is usual to refer to the work of the Public Accounts Committee as flogging a dead horse : but for my part it is to the dead lion in the riddle that I would refer : ' Out of the strong came forth sweetness.'

" Mr. Saldanha also complained of the long time that has elapsed between the accounts of the year concerned and the placing of the report of the Public Accounts Committee before this House. Perhaps I may point out that on this occasion the delay has been a little longer than usual owing to changes in the procedure and the method in which the accounts are prepared. The closing of the accounts of a particular year is in any case a prolonged operation in the Accountant-General's office. The accounts as they stand on the 31st March in that office do not by any means represent the closed book. All sorts of adjustments, all sorts of debits and credits, have to be made and all sorts of statements have to be prepared. And then when these results are tabulated, the Accountant-General has to give his personal attention to the points to which he thinks it most essential that the attention of this committee should be drawn. That may take anything from six to nine months, and then the accounts have to be placed before the committee of the Council. My hon. Friend, Sir Patro, has made a very valuable contribution to our debate, and I think, it was perfectly fair on his part to point out that some years ago the Government and this House were not functioning under as favourable conditions as have come into existence since the remission of our contributions began. And I also entirely concur with him in his warning, if that is the correct phrase, that the present conditions cannot continue. It is perfectly true that within a measurable period of time we shall have no further windfalls to expect, shall have spent those we have received and shall have to depend entirely on our husbanding our resources for such further advances as may be possible : and it is to these conditions that another point to which the hon. Member from Ganjam rightly drew attention is due. In the earlier period to which he referred, our departments were suffering from a starvation diet. But the ampler nutrition of recent years has induced a certain amount of indigestion : and the reason for the extent to which actual expenditure has fallen short of estimates is that departments have clamoured for more than they could assimilate. Nor in my opinion was one member, Mr. Saldanha I think, right in suggesting that this indicated that some departments were being starved while others were being over-fed. The symptoms of indigestion have been common to all departments and if, in any case, one department has shown that it could make a larger meal, that has been arranged by the usual process of supplemental demands throughout the course of the year. I would, however, issue a caveat against the idea that these lapses represent anything permanent. At most the expenditure in a particular department is deferred only till the following year.

" Perhaps I may now refer to some of the individual points which were raised by hon. Members in the course of our debate. I entirely agree with my hon. Friend from Malabar that the case to which he referred on pages 1 to 6 of this report is far from satisfactory. It was because of its unsatisfactory nature that it has come to be placed in such detail before this House. The main point, however, which I think the hon. Member desired to stress was that the actual disciplinary measures taken were inadequate and that a

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severer departmental punishment might well have been awarded. To the best of my recollection, the Public Accounts Committee were not of the opinion that the facts of the case called for severer steps being taken against the officer concerned. The reasons which led Government not to take a more serious view of the case were, in the first place, that they realized that it was hardly fair to expect an officer of the Jail department, who had no experience of buildings, to be placed in charge of a work of that importance. On that point the Public Accounts Committee have concurred in the conclusion that no work costing over Rs. 5,000 shall in future be entrusted to such civil officers acting as public works disbursers. Further, the conditions under which jail labour is employed on buildings are peculiar, and consideration has been shown to the officer's lack of technical knowledge and experience. And it was reported that, so far as these defects permitted, he had done his best to supervise and secure satisfactory work. Reference has also been made to the Russellkonda saw-mill and, if it is necessary, I am sure that my hon. Colleague the Home Member and I myself are prepared to stand in a white sheet and acknowledge that we are the Members of Government, referred to in the report; and I am indebted to the hon. Member for Ganjam for suggesting that our visit had probably useful results. But I may say that those results have been largely due to the zeal with which the officers responsible have tried to carry out the suggestions we were able to make. They have to a considerable extent improved the position and I think I am right in saying that when the position up to date is finally scrutinized it will be found that the saw-mill is now paying not only interest on the capital but a few thousand rupees profit. Were we to close down, that return would of course disappear: and it is possible that even half a lakh of rupees would be found to be a generous estimate of what the concern or rather the buildings and machinery would fetch. So long as that improved position continues, there will, of course, be no justification for closing down the mill and thus making the tax-payer bear the whole burden of the interest charges due to the Government of India on the capital borrowed without any return of any kind whatsoever.

"As regards the Willingdon House, I do not propose to go into that matter from its beginning. It was an experiment made at a time when, as hon. Members know, there was great difficulty in finding accommodation of any kind for officers who had to visit Ootacamund either as members of Secretariat or as heads of departments or others called up for consultation with Members or Ministers in charge of their departments. That position has very much changed and, as in spite of every attempt it was impossible to find out how many officers would utilize Willingdon House in any particular year, to anticipate accurately the expenditure for each year or to adjust charges retrospectively, it was decided to come to an arrangement by which in future Willingdon House might be run as a private concern. I am not aware how far that arrangement has been successful. Should it break down, we shall have to reconsider the position.

"I think both Mr. Saldanha and the hon. Member from Malabar laid some stress on the statement on page 28 showing the number of cases in which reductions made by the Council had been restored by His Excellency the Governor. It is of course not open to me to discuss the correctness of the step His Excellency took. But I wish to correct one wrong impression and that is why I call attention to the latter part of paragraph 15 where it is stated 'the Accountant-General has given a list of the reductions in the

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estimates of 1925-26 made by the Council and accepted by the Government and has observed that in no case has the actual expenditure exceeded the voted appropriations.' The number of these cases is ten. Mr. Gopal Menon has referred to the issue raised as to the reduction in the total number of demands without, I think, a very strong feeling on one side or the other. One of our difficulties, and it is very much a matter for the House itself to arrange, is to ensure that the time available may be so distributed as the more important items under each demand may come under discussion. The Public Accounts Committee were, I think, not anxious to increase the number of demands—an opinion in which I concur, as probably on the whole the reduction made in the number of demands has enabled the Council to cover a wider field than has been usual in previous debates and has enabled the Council to exercise as much scrutiny as is possible over individual demands. Should we see signs, however, that this desirable aim is affected in any way, we shall have to reconsider the position.

"Then again, one hon. Member raised an important point as to whether capital and revenue expenditure should come under the same grant. There again there is legitimate room for difference of opinion, but perhaps it is as well that when the House is scrutinizing expenditure on certain departments, it should have a conspectus of its total outgoings before it. I cannot remember any case in which improper reappropriations have resulted from this. Should such cases arise, I may say that they will be promptly dealt with by the Finance Department and, if necessary, reported to the Public Accounts Committee. Another hon. Member called attention to a reference in the report to the effect that during one or two years expenditure which ought to have been debited to the revenue account was not so debited. That happened in that period of financial stringency to which my hon. Friend from Ganjam referred and when the financial effect was the same. So far as our total indebtedness is concerned, it makes no difference whether you borrow in order to discharge instalments of a loan or borrow to meet a revenue deficit. The principle involved is however that where you borrow to meet liabilities which ought to be discharged from revenue, it is a revenue deficit which we have covered and the borrowings should be shown as being for that purpose.

3 p.m. "I do not think there is any other point to which I need refer. I am sorry that Mr. Saldanha should have been inconvenienced in any way but I would assure him that any delay was not due to the Finance Department, as I understand that copies of this report were sent for distribution over a month ago. On one other point I agree with him. It is perfectly true that our dealing with financial matters is not entirely assimilated to Parliamentary practice. But the Public Accounts Committee, the work done by it, and the value of its report are, I am glad to think, following and attaining to the highest Parliamentary traditions. We are all apt to seek for a golden age and Mr. Saldanha apparently finds his as far back as the 14th century, but let me assure him that even in Great Britain at that time there was no Public Accounts Committee, there was no Finance Committee, and that, I think I am right in saying, once Parliament had voted certain sums of money, it had singularly little control over the manner in which these monies were spent."

* The hon. the PRESIDENT:—"The question is that the report of the Public Accounts Committee on the Audit and Appropriation accounts of the Government of Madras for 1925-26 be taken into consideration."

The motion was put to the House and adopted.